

§ 19.956

27 CFR Ch. I (4–1–97 Edition)

be executed, in duplicate, on Form 5110.56. Surety bonds may be given only with corporate sureties holding certificates of authority from, and subject to the limitations prescribed by, the Secretary as set forth in the current revision of Treasury Department Circular 570. However, in lieu of corporate surety the proprietor may pledge and deposit as surety for his bond, securities which are transferable and are guaranteed as to both interest and principal by the United States, in accordance with the provisions of 31 CFR part 225. The regional director (compliance) will not release such securities until liability under the bond for which they were pledged has been terminated.

(Sec. 805(c), Pub. L. 96–39, 93 Stat. 276 (26 U.S.C. 5173); CH. 390, Pub. L. 80–280, 61 Stat. 648, 650 (31 U.S.C. 9301, 9303, 9304, 9306); sec. 232, Pub. L. 96–223, 94 Stat. 278 (26 U.S.C. 5181))

**§ 19.956 Amount of bond.**

The penal sum of the bond is based on the total quantity of distilled spirits to be produced (including receipts) during a calendar year. If the level of production and/or receipts at the plant is to be increased, and the bond is not in the maximum penal sum, a new or strengthening bond shall be obtained.

(a) *Medium plants.* A medium plant which will produce (including receipts) between 10,000 and 20,000 proof gallons of spirits per year requires a bond in the amount of \$2,000. For each additional 10,000 proof gallons (or fraction thereof), the bond amount is increased \$1,000. The maximum bond for a medium plant is \$50,000.

(b) *Large plants.* The minimum bond for a large plant is \$52,000 (more than 500,000, but not more than 510,000 proof gallons annual production (including receipts)). For each additional 10,000 (or fraction) proof gallons, the amount of the bond is increased \$2,000. The maximum bond for a large plant is \$200,000 (more than 1,240,000 proof gallons).

(Sec. 805(c), Pub. L. 96–39, 93 Stat. 276 (26 U.S.C. 5173); sec. 232, Pub. L. 96–223, 94 Stat. 278 (26 U.S.C. 5181))

**§ 19.957 Instructions to compute bond penal sum.**

(a) *Medium plants.* To find the required amount of your bond, estimate the total proof gallons of spirits to be produced and received in a calendar year. The amount of the bond is \$1,000 for each 10,000 proof gallons (or fraction), subject to a minimum of \$2,000 and a maximum of \$50,000. The following table provides some examples:

ANNUAL PRODUCTION AND RECEIPTS IN PROOF GALLONS

More than	But not over	Amount of bond
10,000 .....	20,000	\$2,000
20,000 .....	30,000	3,000
90,000 .....	100,000	10,000
190,000 .....	200,000	20,000
490,000 .....	500,000	50,000

(b) *Large plants.* To find the required amount of your bond, estimate the total proof gallons of spirits to be produced and received in a calendar year. The amount of the bond is \$50,000 plus \$2,000 for each 10,000 proof gallons (or fraction) over 500,000. The following table provides some examples:

ANNUAL PRODUCTION AND RECEIPTS IN PROOF GALLONS

More than	But not over	Amount of bond
500,000 .....	510,000	\$52,000
510,000 .....	520,000	54,000
740,000 .....	750,000	100,000
990,000 .....	1,000,000	150,000
1,240,000 .....	.....	200,000

(Sec. 805(c), Pub. L. 96–39, 93 Stat. 276 (26 U.S.C. 5173); sec. 232, Pub. L. 96–223, 94 Stat. 278 (26 U.S.C. 5181))

**§ 19.958 Conditions of bond.**

The bond shall be conditioned on payment of all taxes (including any penalties and interest) imposed by 26 U.S.C. Chapter 51, on compliance with all requirements of law and regulations, and on payment of all penalties incurred or fines imposed for violations of any such provisions.

(Sec. 805(c), Pub. L. 96–39, 93 Stat. 276 (26 U.S.C. 5173); sec. 232, Pub. L. 96–223, 94 Stat. 278 (26 U.S.C. 5181))